



# **Special Issue of the Eligibility Guidance for School Meals Manual**

Summer, 2001

## **Introduction**

The U.S. Department of Agriculture (USDA) has become aware that a significant and increasing number of ineligible children are being certified for free and reduced price school meals as a result of inaccurate information provided by some households. When ineligible children receive free and reduced price benefits, USDA meal reimbursement is misdirected, as are significant amounts of State, Federal, and in some cases, local education funds. Furthermore, questions about the integrity of the certification and verification process undermine public confidence in a program that has long enjoyed the support of the American people.

To assist school food authorities in ensuring that all staff involved in the approval and verification process are up to date on the requirements, we are providing this Special Issue of the Eligibility Guidance for School Meals Manual.

This Special Issue of the Eligibility Guidance for School Meals Manual highlights Federal policy regarding the determination and verification of students' eligibility for free and reduced price meals in the Federally reimbursed School Meal Programs. Authority for these requirements is found in the Code of Federal Regulations, 7 CFR Part 245, and other Food and Nutrition Service and Departmental regulations and instructions. Refer to the Eligibility Guidance for School Meals Manual (August 1991) for detailed information on the free and reduced price meal eligibility and verification process.

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## **Processing of Applications**

### **Benefits Prior to Processing Applications**

Applications from a prior year are valid only for the first 30 operating days of the school year (or earlier if specified by the State agency (SA)).

### **Eligibility Criteria**

For a child to be eligible for free or reduced price benefits, the child **must** have been directly certified or the household **must** have submitted a complete application and be determined either categorically eligible or income eligible. The school food authority (SFA) or school must have a valid application on file for each income and categorically eligible student served a meal meeting program requirements that is claimed for Federal reimbursement at the free or reduced rate, and a list of those students directly certified.

### **Complete Application**

A complete application **must** include all the following required information before the determining official can make an eligibility determination:

#### **Required information to determine income eligibility:**

- name of **all** household members including the child for whom application is made;
- social security number of the adult who signs the application or an indication that the household member does not have a social security number;
- the current amount of income received by each household member identified by the individual who receives it, and the source of the income, such as wages, welfare, alimony; and
- signature of an adult household member.

#### **Required information to determine categorical eligibility for Food Stamp/FDPIR/TANF households:**

- name of child
- the appropriate Food Stamp, TANF or FDPIR case number or other FDPIR identifier, and
- the signature of an adult household member.

School officials should familiarize themselves with valid Food Stamp/TANF/FDPIR case numbers or other FDPIR identifiers used in their areas before beginning application approval. If there is any doubt concerning the validity of the case number submitted on an application, the school official should contact local Food Stamp, TANF or FDPIR officials. Applications with invalid case numbers may not be approved.

## **Application Approval or Denial**

Applications should be reviewed and an eligibility determination made within 10 working days of the receipt of the application. Whenever possible, applications should be processed immediately, particularly for new students who do not have approved applications on file from the previous year.

### **APPLICATIONS FOR HOUSEHOLDS THAT ARE NOT CATEGORICALLY ELIGIBLE OR INCOME ELIGIBLE CANNOT BE APPROVED FOR BENEFITS.**

**If there are any inconsistencies or questions concerning the required eligibility information provided, the household's application must be denied unless the inconsistencies or questions are resolved. For instance, if it is unclear whether the household provided weekly or monthly income, this issue must be resolved before an eligibility determination can be made. The official may contact the household prior to denial, document the details of the contact, and date and initial the entry.**

## **Temporary Approval**

Eligible children should receive temporary approval in the following types of economic situations:

- temporary layoffs
- strikes (voluntary work stoppage)
- temporary receipt of public assistance (in cases where the application specifies receipt of public assistance for a limited time)
- zero income, for whatever reason (except foster children and institutionalized children)
- temporary disability

When a household reports zero income or a temporary reduction in income, eligibility **must** be determined based on the present rate of income rather than on regular annual income. **However, the approving official SHOULD ISSUE TEMPORARY APPROVAL OF THE APPLICATION.**

The timeframe for a temporary approval may vary depending on the household's circumstances.

In general, a suggested time limit for temporary approval is 45 calendar days unless otherwise stipulated by the SA. **At the end of each approval period, the school should contact the household to determine if the household's circumstances have changed.** If there has been no change, the school should document the contact and extend the temporary approval. When temporary approval is extended, follow-up should be included. If the household's

circumstances have changed, the school should send a new application to the household so that they may reapply for benefits.

### **Households that Fail to Apply**

Local officials may complete an application for a student **known to be eligible** if the household fails to apply. When exercising this option, the school official **must** complete an application on behalf of the student based on household size and income information. **The source of the information MUST be noted on the application.** Names of household members, social security number, and signature of an adult need not be secured. These applications should be excluded from verification. However, the household must be notified that the student has been certified and is receiving free or reduced price benefits.

This option is intended for limited use in **individual** situations and must not be used to make eligibility determinations for categories or groups of students.

## **Income Eligibility**

### **General**

To determine if a household meets income eligibility requirements for benefits, school officials **must** compare the household size and the current total household income to the income eligibility guidelines (IEGs). Households must report current income on a free and reduced price application.

**Special Income Situations** - (See pages 31-32 of the Eligibility Guidance for School Meals Manual for specific information on the following situations):

***Projected Income for Seasonal Workers and Others*** - In these situations, the household may project its annual rate of income and report this amount as its current income. If the prior year's income provides an accurate reflection of the household's current annual rate of income, the prior year may be used as a basis for the projected annual rate of income.

***Income for the Self-Employed*** - Self-employed persons may use last year's income as a basis to project their current year's net income, unless their current net income provides a more accurate measure.

Self-employed persons are credited with net income rather than gross income. Net income for self-employment is determined by subtracting business expenses from gross receipts.

Net income for self-employed farmers is figured by subtracting the farmer's operating expenses from the gross receipts.

***Income from Wages and Self-Employment*** - For a household with income from wages and self-employment, each amount **must** be listed separately. When there is a business loss, income from wages may not be reduced by the amount of the business loss. If income from self-employment is negative, it should be listed as zero income.

## **Direct Certification**

### **General**

In place of determining eligibility based on information submitted by the household on the application, the SFA may determine children as eligible for free meals based on information obtained directly from the State or local agency responsible for the administration of the Food Stamp Program/FDPIR or TANF Program. That agency may provide information that a child is a member of a household currently certified to receive Food Stamps/FDPIR or TANF benefits. In some cases the agency may send the household a letter indicating current certification to receive Food Stamps/FDPIR or TANF benefits. This letter may then be provided to the school by the household to establish eligibility through direct certification.

Documentation for those children certified as eligible for direct certification includes:

- names of children from households currently certified to receive Food Stamps/TANF/FDPIR
- specific identifying information such as the children's birth dates, parents names, social security numbers or other appropriate personal identifiers that will match the names of children identified by the Food Stamp/TANF/FDPIR office with the names of the children attending schools in the SFA
- the signature of the responsible official certifying that the children are members of households currently certified to receive Food Stamps/TANF/FDPIR
- date

## **Verification of Eligibility for School Meals**

### **Definition**

Verification is confirmation of eligibility for free and reduced price meals.

### **Verification Requirements**

Verification **must** include either confirmation of income eligibility or confirmation that the child is included in a household currently certified to receive Food Stamps/FDPIR or TANF. The verification must take place after

the application has been approved. Verification of the minimum required sample size must be completed by December 15.

SFAs **must** use either a “random” sampling method or “focused” sampling method to select applications to be verified. However, the SA may require all its SFAs to do either random or focused sampling. Check with your SA for this requirement.

The required sample size is based on:

- (1) the total number of approved applications on file on October 31, and
- (2) whether the SFA employs random or focused sampling for selecting the applications to be verified.

A multi-child application is considered one application.

### **Random Sampling**

Under **random sampling**, the SFA **must** verify a minimum of the lesser of 3 percent or 3,000 of the total number of approved applications. A random selection procedure **must** be used.

### **Focused Sampling**

Under **focused sampling**, the SFA **must** verify a minimum of:

- (1) the lesser of 1 percent or 1,000 of the **total** number of approved applications (both income and categorical). The sample is selected from income applications with total household income within \$100 monthly or \$1,200 annually of the income eligibility guidelines (IEGs) for free and reduced price meals for that household size;

#### **PLUS**

- (2) the lesser of .5 percent (one half of one percent) or 500 of the **total** number of applications that were approved based on categorical eligibility, selected from applications with a Food Stamp or TANF number.

### **Example of Focused Sampling:**

300 income applications  
200 categorical applications  
150 direct certifications \*  
500 total applications in the application pool

\* Remember that direct certifications are not included in the application pool.



1. 500 total applications                      x .01 = 5
2. 200 categorical applications            x .005 = 1

Total sample    = 6

1. A sample of 5 applications **must** be selected from the 300 income applications,  
PLUS
2. 1 from the 200 categorical applications.

Direct certifications do not need to be verified. Round up all fractions.

### **Implementation**

The SFA **must** complete the verification process for all households that have been notified of their selection for verification and have been asked to submit verification information, even when more than the minimum required sample size has been chosen for verification.

SFAs may verify more than the required minimum sample (up to 100 percent of all approved applications) as long as the selection of applications does not involve discrimination against anyone on the basis of race, color, national origin, age, sex, or disability. **The SFA has an obligation to verify all questionable applications.**

However, any verification that is done for cause is **in addition** to the sample required for either random or focused sampling.

### **Verification Methods**

**Written Evidence** – Written evidence is the primary source of eligibility confirmation for all income and categorically eligible households.

Acceptable written evidence for income eligible households contains the name of the household member, amount of income received, frequency received, and the date the income was received. For example, a pay stub with no dates would be insufficient.

Acceptable written evidence for categorically eligible households contains a written statement from the Food Stamp, TANF or FDPIR agency that specifies that the child is a member of a household **currently** receiving benefits.

**Collateral Contacts** - A collateral contact is a person outside of the household who is knowledgeable about the household's circumstances and can give confirmation of a household's income or Food Stamp/FDPIR or TANF status. The verifying official should request a collateral contact only in cases when the household has not been able to provide adequate written evidence.

The verifying official **must** give the household the opportunity to designate the collateral contact. However, the verifying official may select a collateral contact if the household fails to designate one or designates one who is unacceptable to the verifying official. In either case, no contact may be made without first notifying the household and obtaining their permission.

All collateral contacts are to be documented, dated, and initialed.

**Agency Records** - The SFA may also submit the names and case numbers of categorically eligible households to the local Food Stamp/FDPIR or TANF office. Food Stamp/FDPIR or TANF offices are permitted to release eligibility information from their files to other Federal assistance programs and Federally-assisted State programs.

When using agency records, the SFA should request information for the most recent month available.

Households that dispute the validity of the information **must** be given the opportunity to provide more recent income information during the 10-day advance notice period of adverse action.

### **Request for Written Evidence**

## **Verification of Income Eligibility**

The notification of selection for verification **must** include a request for the household to submit written evidence of current income for all household members and the social security number of each adult household member 21 years of age or older. Households indicating zero income must be asked for a written explanation of how living expenses are met.

### **Verification Using Collateral Contacts**

When the household has been unable to provide adequate written evidence, the household may identify a collateral contact from which the SFA could obtain the requested information, either orally or in writing.

A collateral contact would not be expected to provide social security numbers of the adult household members. These still **must** be provided by the household.

The SFA will examine any written information provided by the collateral contact or evaluate any oral information.

If the collateral contact is unwilling or unable to provide the requested information, then benefits to the household should be terminated for failure to respond.

## **Verification of Categorical Eligibility**

### **Request for Written Evidence**

A school can place the responsibility for verifying receipt of Food Stamps/FDPIR or TANF benefits on the household. The notification of selection **must** include a request for the household to submit written evidence of current certification to receive Food Stamp/FDPIR or TANF benefits. Every time a household is approved for Food Stamps/FDPIR or TANF, they are furnished with a letter of certification or notice of eligibility. The verifying official should examine this notice of eligibility to ensure that the child for whom application was made is part of a household currently participating in the Food Stamp Program/FDPIR or TANF Program. If a Food Stamp household has misplaced the notice of eligibility or notice of certification, a current “Authorization to Participate” (ATP) card is adequate proof of current certification. ATP cards are usually issued once a month and are immediately redeemable by the household at a bank or elsewhere for the actual Food Stamps. Unlike the ATP cards, Electronic Benefit Transfer (EBT) cards do not confirm current eligibility in the Food Stamp Program, and therefore cannot be used for categorical eligibility purposes.

A Food Stamp/FDPIR or TANF document that does not specify the certification period is not adequate for documentation. For example, the Food Stamp identification card is not acceptable because it usually does not have an expiration date.

A household that does not have satisfactory Food Stamp/FDPIR or TANF documentation may request a signed, dated letter from the Food Stamp/FDPIR or TANF office certifying that the child is part of a household currently receiving benefits.

Verification is complete when the household submits adequate documentation of current participation in either the Food Stamp Program/FDPIR or TANF Program or a letter of adverse action is sent.

### **Agency Records**

Verification of eligibility for households that provided a Food Stamp/FDPIR or TANF case number on the application may be accomplished by submitting a list of names and Food Stamp/FDPIR or TANF case numbers to the local Food Stamp or welfare office for confirmation of receipt of benefits from agency records.

To facilitate the verification process, contact should be made with the local Food Stamp or welfare office prior to submitting such lists to discuss the methods by which verification requests should be handled. SFAs that verify eligibility

through the local Food Stamp/FDPIR or TANF office should do so as early as possible. This will ensure that there is sufficient time for that office to respond to the request **and** sufficient time to acquire other verification if households are identified as **not** currently receiving Food Stamps/FDPIR or TANF or if the Food Stamp/FDPIR or TANF office does not respond in a timely manner.

If circumstances beyond the control of the SFA delay verification, the SFA may request that the SA allow an extension of the verification deadline. Any extension of the deadline **must** be approved by the FNS regional office.

Verification is **complete** when the local Food Stamp/FDPIR or TANF office certifies that the household is currently receiving Food Stamps/FDPIR or TANF or the school sends the household a notice of adverse action.

#### **Verification Results**

Verification of a household's income eligibility for free or reduced price meals **must** result in one of the following four possibilities:

- **No change in benefit level**
- **Reduction in benefit level**
- **Increase in benefit level**
- **Termination of benefits**

If verification results in a change in benefit level or termination, the change **must** be extended to all children in the household who were determined eligible by information that no longer supports the benefit level.

If verification results in higher benefits (e.g., a child who is moved from the reduced price to free category), this change is effective immediately. Parents should be notified through whatever channels the SFA uses to notify the household of approval for benefits.

If verification results in lower benefits (e.g., a child is moved from free to reduced price), the household must be given 10 calendar days advance notice of the change.

#### **Households that Reapply for Program Benefits**

Households affected by a reduction or termination of benefits may reapply for benefits at any time during the school year. **However, if benefits to a household have been terminated and the household reapplies in the same school year, it should be required to submit income documentation or proof of participation in the Food Stamp Program/FDPIR or TANF Program (such as a case number) at the time of reapplication.** The SFA may verify the households' eligibility prior to approval. These are not considered new applications.

## **Recordkeeping**

Documentation **must** be kept by the SFA to demonstrate compliance with the verification requirements when SFAs are reviewed by State or Federal reviewers.

Documentation would also be needed in case of an applicant's appeal. (See page 56 of the Eligibility Guidance for School Meals Manual and State agency guidance for specific recordkeeping requirements.)

## **Questions and Answers**

Q. What if an application is selected for verification, but the household transfers out of the school district before the information can be verified?

A. Verification is considered complete when a household's eligibility for the level of benefits for which it was approved is either confirmed or the household is sent a letter of adverse action. If a household selected for verification transfers out of the district before the information can be verified, verification cannot be completed. To meet the minimum verification requirements, a new application **must** be selected.

Q. How is overtime income counted for the purposes of verification?

A. The school official should work with the household to determine whether the overtime for the month being verified is representative of overtime received in other months. If the overtime is a one-time or sporadic source of income, income should be calculated based on the regular monthly income without overtime.

Q. Am I verifying eligibility at the time of application or current eligibility?

A. Verification is intended to establish current eligibility. When written evidence or collateral contacts are the primary sources of information, the SFA **must** require submission of income information for the most recent full month that is available. When using a system of records, the SFA may choose to verify a recent month and the entire sample may be verified for the same month. Households that dispute the validity of income information acquired through systems of records **must** be given the opportunity to produce more recent income information.

Q. If a household is paid weekly and submits a pay stub for a week, **must** I go back and ask for pay stubs for a whole month?

A. No. If the weekly pay stub is representative of what the household normally receives each week, one pay stub is sufficient.

Q. If my sample size is 4.2 applications, do I verify 4 or 5?

A. Partial numbers **must** be rounded up to the next whole number. You **must** verify 5 applications.

Q. If a larger sample than required is selected, such as 5 percent, does the 5 percent have to be verified by December 15?

A. The SFA only has to meet the minimum sample requirements, i.e., 3 percent under random sampling, by December 15. The remaining 2 percent, while it has to be completed, may be completed after December 15 but as soon as possible.

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